

SSB 6127 - S AMD 224

By Senators Spanel, Swecker, Haugen

ADOPTED 03/12/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 47.06.140 and 1998 c 171 s 7 are each amended to read
4 as follows:

5 (1) The legislature declares the following transportation
6 facilities and services to be of statewide significance: The
7 interstate highway system, interregional state principal arterials
8 including ferry connections that serve statewide travel, intercity
9 passenger rail services, intercity high-speed ground transportation,
10 major passenger intermodal terminals excluding all airport facilities
11 and services, the freight railroad system, the Columbia/Snake navigable
12 river system, marine port facilities and services that are related
13 solely to marine activities affecting international and interstate
14 trade, and high-capacity transportation systems serving regions as
15 defined in RCW 81.104.015. The department, in cooperation with
16 regional transportation planning organizations, counties, cities,
17 transit agencies, public ports, private railroad operators, and private
18 transportation providers, as appropriate, shall plan for improvements
19 to transportation facilities and services of statewide significance in
20 the statewide multimodal plan. Improvements to facilities and services
21 of statewide significance identified in the statewide multimodal plan
22 are essential state public facilities under RCW 36.70A.200.

23 (2) The department of transportation, in consultation with local
24 governments, shall set level of service standards for state highways
25 and state ferry routes of statewide significance. Although the
26 department shall consult with local governments when setting level of
27 service standards, the department retains authority to make final
28 decisions regarding level of service standards for state highways and
29 state ferry routes of statewide significance. In establishing level of
30 service standards for state highways and state ferry routes of

1 statewide significance, the department shall consider the necessary
2 balance between providing for the free interjurisdictional movement of
3 people and goods and the needs of local communities using these
4 facilities. When setting the level of service standards under this
5 section for state ferry routes, the department may allow for a standard
6 that is adjustable for seasonality.

7 NEW SECTION. Sec. 2. A new section is added to chapter 47.60 RCW
8 to read as follows:

9 The definitions in this section apply throughout this chapter
10 unless the context clearly requires otherwise.

11 (1) "Capital plan" means the state ferry system plan as described
12 in RCW 47.06.050(2) and adopted by the commission.

13 (2) "Capital project" has the same meaning as used in capital
14 budget instructions developed by the office of financial management.

15 (3) "Commission" means the transportation commission created in RCW
16 47.01.051.

17 (4) "Improvement project" has the same meaning as in the capital
18 budget instructions developed by the office of financial management.
19 If the capital budget instructions do not define improvement project,
20 then it has the same meaning as "program project" in the capital budget
21 instructions. If a project meets both the improvement project and
22 preservation project definitions in this section it must be defined as
23 an improvement project. New vessel acquisitions must be defined as
24 improvement projects.

25 (5) "Life-cycle cost model" means that portion of a capital asset
26 inventory system which, among other things, is used to estimate future
27 preservation cost needs.

28 (6) "Maintenance cost" has the same meaning as used in capital
29 budget instructions developed by the office of financial management.

30 (7) "Preservation project" has the same meaning as used in capital
31 budget instructions developed by the office of financial management.

32 (8) "Route" means all ferry sailings from one location to another,
33 such as the Seattle to Bainbridge route or the Port Townsend to
34 Keystone route.

35 (9) "Sailing" means an individual ferry sailing for a specific
36 route, such as the 5:00 p.m. sailing from Seattle to Bremerton.

1 (10) "Travel shed" means one or more ferry routes with distinct
2 characteristics as determined by the department.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 47.60 RCW
4 to read as follows:

5 (1) The commission shall, with the involvement of the department,
6 conduct a market survey to gather data on ferry users to help inform
7 level of service, operational, pricing, planning, and investment
8 decisions. The survey must include, but is not limited to:

- 9 (a) Recreational use;
- 10 (b) Vehicle customer use;
- 11 (c) Freight and goods movement demand; and
- 12 (d) Reactions to potential operational and pricing strategies
13 described under section 4 of this act and RCW 47.60.290.

14 (2) The survey must be developed with input from ferry advisory
15 committees.

16 (3) The market survey must be updated at least every two years.

17 NEW SECTION. **Sec. 4.** A new section is added to chapter 47.60 RCW
18 to read as follows:

19 (1) The department shall develop, and the commission shall review,
20 operational strategies to ensure existing assets are fully utilized and
21 to guide future investment decisions. These operational strategies
22 must, at a minimum:

- 23 (a) Recognize that each travel shed is unique and should be
24 evaluated separately;
- 25 (b) Use data from the current market survey conducted under section
26 3 of this act;
- 27 (c) Be consistent with vehicle level of service standards;
- 28 (d) Use a life-cycle cost analysis that considers capital and
29 operating costs and the most efficient balance between these costs; and
- 30 (e) Use methods of collecting fares that maximize efficiency and
31 achieve revenue management control.

32 (2) In developing operational strategies, the following, at a
33 minimum, must be considered:

- 34 (a) The feasibility of using reservation systems;
- 35 (b) Methods of shifting vehicular traffic to other modes of
36 transportation;

1 (c) Methods of improving on-dock operations to maximize efficiency
2 and minimize operating and capital costs;

3 (d) A cost-benefit analysis of remote holding versus over-water
4 holding;

5 (e) Methods of reorganizing holding areas and minimizing on-dock
6 employee parking to maximize dock size available for customer vehicles;

7 (f) Schedule modifications;

8 (g) Efficiencies in exit queuing and metering; and

9 (h) Interoperability with other transportation services.

10 (3) Operational strategies must be reevaluated periodically, at a
11 minimum, before developing a new capital plan.

12 **Sec. 5.** RCW 47.60.290 and 1983 c 3 s 136 are each amended to read
13 as follows:

14 (~~Subject to the provisions of RCW 47.60.326,~~) (1) The department
15 (~~is hereby authorized and directed to~~) shall annually review
16 (~~tariffs and charges as~~) fares and pricing strategies applicable to
17 the operation of the Washington state ferries (~~for the purpose of~~
18 ~~establishing a more fair and equitable tariff to be charged passengers,~~
19 ~~vehicles, and commodities on the routes of the Washington state~~
20 ~~ferries~~)).

21 (2) Beginning in 2008, the fares and pricing strategies developed
22 by the department must:

23 (a) Recognize that each travel shed is unique and should be
24 evaluated separately;

25 (b) Use data from the current market survey conducted under section
26 3 of this act;

27 (c) Be developed with input from affected ferry users by public
28 hearing and by review with the affected ferry advisory committees, in
29 addition to the data gathered from the market survey conducted in
30 section 3 of this act;

31 (d) Generate the amount of revenue required by the biennial
32 transportation budget; and

33 (e) Keep fare schedules as simple as possible.

34 (3) The fares and pricing strategies developed by the department
35 must consider the following:

36 (a) Options for using pricing to level vehicle peak demand; and

37 (b) Options for using pricing to increase off-peak ridership.

1 (4) Fares and pricing strategies must be adopted by rule, under
2 chapter 34.05 RCW, by the commission, according to the following
3 schedule:

4 (a) Each year the department shall provide the commission a report
5 of its review of fares and pricing strategies, with recommendations for
6 the revision of fares for the ensuing year;

7 (b) In October of each year, beginning in 2008, the commission
8 shall adopt by rule fares and pricing policies for the ensuing year.
9 The schedule may initially be adopted as an emergency rule if necessary
10 to take effect in, or as near as possible to, the month of October.

11 (5) The commission may adopt by rule fares that are effective for
12 more or less than one year for the purposes of transitioning to the
13 fare schedule in subsection (4) of this section.

14 (6) The commission may increase ferry tolls included in the
15 schedule of charges adopted under this section by a percentage that
16 exceeds the fiscal growth factor.

17 (7) Using sound business judgment, the chief executive officer of
18 the ferry system may authorize the use of promotional, discounted, and
19 special event fares to the general public and commercial enterprises
20 for the purpose of maximizing capacity use and the revenues collected
21 by the ferry system. The department shall report to the commission a
22 summary of the promotional, discounted, and special event fares offered
23 during each fiscal year and the financial results from these
24 activities.

25 (8) Fare revenues and other revenues deposited in the Puget Sound
26 ferry operations account created in RCW 47.60.530 may not be used to
27 support the Puget Sound capital construction account created in RCW
28 47.60.505, unless the support for capital is separately identified in
29 the fare.

30 **Sec. 6.** RCW 47.60.330 and 2003 c 374 s 5 are each amended to read
31 as follows:

32 (1) Before a substantial change to the service levels provided to
33 ferry users, the department shall consult with affected ferry users by
34 public hearing and by review with the affected ferry advisory
35 committees.

36 (2) Before ((a substantial expansion or curtailment in the level of
37 service provided to ferry users, or a revision in the schedule of ferry

1 ~~tolls or charges)) adding or eliminating a ferry route, the department~~
2 ~~((of transportation)) shall consult with affected ferry users and~~
3 ~~receive legislative approval. ((The consultation shall be: (a) By~~
4 ~~public hearing in affected local communities; (b) by review with the~~
5 ~~affected ferry advisory committees pursuant to RCW 47.60.310; (c) by~~
6 ~~conducting a survey of affected ferry users; or (d) by any combination~~
7 ~~of (a) through (c).-~~

8 ~~Promotional, discount, and special event fares that are not part of~~
9 ~~the published schedule of ferry charges or tolls are exempt. The~~
10 ~~department shall report an accounting of all exempt revenues to the~~
11 ~~transportation commission each fiscal year.~~

12 ~~(2) There is created a ferry system productivity council consisting~~
13 ~~of a representative of each ferry advisory committee empanelled under~~
14 ~~RCW 47.60.310, elected by the members thereof, and two representatives~~
15 ~~of employees of the ferry system appointed by mutual agreement of all~~
16 ~~of the unions representing ferry employees, which shall meet from time~~
17 ~~to time with ferry system management to discuss means of improving~~
18 ~~ferry system productivity.~~

19 ~~(3) Before increasing ferry tolls the department of transportation~~
20 ~~shall consider all possible cost reductions with full public~~
21 ~~participation as provided in subsection (1) of this section and,~~
22 ~~consistent with public policy, shall consider adapting service levels~~
23 ~~equitably on a route by route basis to reflect trends in and forecasts~~
24 ~~of traffic usage. Forecasts of traffic levels shall be developed by~~
25 ~~the bond covenant traffic engineering firm appointed under the~~
26 ~~provisions of RCW 47.60.450. Provisions of this section shall not~~
27 ~~alter obligations under RCW 47.60.450. Before including any toll~~
28 ~~increase in a budget proposal by the commission, the department of~~
29 ~~transportation shall consult with affected ferry users in the manner~~
30 ~~prescribed in (1)(b) of this section plus the procedure of either~~
31 ~~(1)(a) or (c) of this section.))~~

32 NEW SECTION. Sec. 7. A new section is added to chapter 47.60 RCW
33 to read as follows:

34 (1) Appropriations made for the Washington state ferries capital
35 program may not be used for maintenance costs.

36 (2) Systemwide and administrative capital program costs shall be

1 allocated to specific capital projects using a cost allocation plan
2 developed by the department. Systemwide and administrative capital
3 program costs shall be identifiable.

4 NEW SECTION. **Sec. 8.** A new section is added to chapter 47.60 RCW
5 to read as follows:

6 (1) The department shall maintain a life-cycle cost model on
7 capital assets such that:

8 (a) Available industry standards are used for estimating the life
9 of an asset, or department-adopted standard life cycles are used when
10 industry standards are not available;

11 (b) Standard estimated life is adjusted for asset condition when
12 inspections are made; and

13 (c) It does not include utilities or other systems that are not
14 replaced on a standard life cycle.

15 (2) All assets in the life-cycle cost model must be inspected and
16 updated in the life-cycle cost model for asset condition at least every
17 three years.

18 (3) The life-cycle cost model shall be used in estimating future
19 system preservation costs.

20 (4) Preservation funding requests shall only be for items in the
21 life-cycle cost model.

22 (5) Preservation funding requests that exceed five million dollars
23 per project must be accompanied by a predesign study that includes all
24 elements required in the office of financial management's predesign
25 manual.

26 (6) Appropriations made for preservation projects shall be spent
27 only on preservation projects when warranted by the asset condition.

28 NEW SECTION. **Sec. 9.** A new section is added to chapter 47.60 RCW
29 to read as follows:

30 The department shall develop terminal design standards that adhere
31 to the following:

32 (1) Vehicle level of service standards as described in RCW
33 47.06.140;

34 (2) Operational strategies as described in section 4 of this act;

35 (3) Pricing strategies as described in RCW 47.60.290;

- 1 (4) Life-cycle costs and the most efficient balance between capital
2 and operating investments are chosen; and
3 (5) A recognition that each travel shed is unique and should be
4 evaluated separately.

5 NEW SECTION. **Sec. 10.** A new section is added to chapter 47.60 RCW
6 to read as follows:

- 7 The capital plan must adhere to the following:
8 (1) A current ridership demand forecast;
9 (2) Vehicle level of service standards as described in RCW
10 47.06.140;
11 (3) Operational strategies as described in section 4 of this act;
12 (4) Pricing strategies as described in RCW 47.60.290; and
13 (5) Terminal design standards as described in section 9 of this
14 act.

15 NEW SECTION. **Sec. 11.** A new section is added to chapter 47.60 RCW
16 to read as follows:

- 17 (1) Terminal improvement project funding requests for design and
18 construction work must adhere to the capital plan.
19 (2) Terminal improvement funding requests for design and
20 construction work must be submitted with a predesign study that
21 includes all elements required in the office of financial management's
22 predesign manual.
23 (3) The predesign study must also:
24 (a) Separately identify basic terminal elements essential for
25 operation and their costs;
26 (b) Separately identify additional elements to provide ancillary
27 revenue and customer comfort and their costs;
28 (c) Include construction phasing options that fit with forecasted
29 ridership increases;
30 (d) Identify additional elements requested by local governments and
31 the cost and proposed funding source of those elements;
32 (e) Identify multimodal elements and the cost and proposed funding
33 source of those elements; and
34 (f) Identify all contingency amounts.

1 NEW SECTION. **Sec. 12.** A new section is added to chapter 47.60 RCW
2 to read as follows:

3 (1) The joint legislative audit and review committee shall assess
4 and report as follows:

5 (a) Audit the implementation of the cost allocation methodology
6 evaluated under chapter . . . (House Bill No. 1094), Laws of 2007, as
7 it exists on the effective date of this section, assessing whether
8 actual costs are allocated consistently with the methodology, whether
9 there are sufficient internal controls to ensure proper allocation, and
10 the adequacy of staff training; and

11 (b) Review the assignment of preservation costs and improvement
12 costs for fiscal year 2009 to determine whether:

13 (i) The costs are capital costs;

14 (ii) The costs meet the statutory requirements for preservation
15 activities and for improvement activities; and

16 (iii) Improvement costs are within the scope of legislative
17 appropriations.

18 (2) The report on the evaluations in this section is due by January
19 31, 2010.

20 (3) This section expires December 31, 2010.

21 NEW SECTION. **Sec. 13.** (1) The joint transportation committee
22 shall participate in and provide an independent review of (a) through
23 (f) of this subsection. In addition to committee members, or their
24 designees, the governor shall appoint a representative for this review.
25 The committee may also appoint other persons to assist in this review.

26 (a) Development and interpretation of the market survey of ferry
27 customers described in section 3 of this act;

28 (b) Analysis and reestablishment of vehicle level of service
29 standards as described in RCW 47.06.140. In reestablishing the
30 standards, consideration shall be given to whether boat wait is the
31 appropriate measure;

32 (c) Development of operational strategies as described in section
33 4 of this act;

34 (d) Development of pricing strategies as described in RCW
35 47.60.290. In developing these strategies, the one-way fare policy in
36 effect on some routes shall be evaluated;

1 (e) Development of terminal design standards as described in
2 section 9 of this act; and

3 (f) Development of a long-range capital plan as described in
4 section 10 of this act.

5 (2) This section expires June 30, 2009.

6 NEW SECTION. **Sec. 14.** The following acts or parts of acts are
7 each repealed:

8 (1) RCW 47.60.150 (Fixing of charges--Deposit of revenues) and 2003
9 c 374 s 3, 1999 c 94 s 26, & 1990 c 42 s 405; and

10 (2) RCW 47.60.326 (Schedule of charges for state ferries--Review by
11 department, factors considered--Rule making by commission) and 2005 c
12 270 s 1, 2003 c 374 s 4, 2001 1st sp.s. c 1 s 1, 1999 c 94 s 27, 1990
13 c 42 s 406, 1983 c 15 s 25, & 1981 c 344 s 5."

SSB 6127 - S AMD

By Senators Spanel, Swecker, Haugen

ADOPTED 03/12/2007

14 On page 1, line 1 of the title, after "ferries;" strike the
15 remainder of the title and insert "amending RCW 47.06.140, 47.60.290,
16 and 47.60.330; adding new sections to chapter 47.60 RCW; creating a new
17 section; repealing RCW 47.60.150 and 47.60.326; and providing
18 expiration dates."

--- END ---